

Message Text

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ACTION NEA-13

INFO OCT-01 ISO-00 EB-11 TRSE-00 OMB-01 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01

PRS-01 SPC-03 SS-20 USIA-15 SAM-01 AID-20 IGA-02

DRC-01 COME-00 XMB-07 CIEP-02 /136 W
----- 067607

R 051333Z FEB 74

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC 0579

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

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E.O. 11652: N/A

TAGS: EFIN, JO

SUBJECT: JORDAN BUDGET APPROVED

REF: AMMAN 0158

1. THE GOJ'S 1974 BUDGET WAS RECENTLY APPROVED BY PARLIAMENT. THIS YEAR'S BUDGET IS IN TWO PARTS, PART I REVENUES INCLUDE TAX RECEIPTS AND BUDGET SUPPORT, WHILE PART I EXPENDITURES ARE DIVIDED INTO CURRENT AND CAPITAL CATEGORIES. THE MAJOR CURRENT EXPENDITURES ARE CIVIL SERVICE, ARMED FORCES AND PUBLIC SECURITY. CAPITAL EXPENDITURES INCLUDE MOST DEBT SERVICING AND SOME DEVELOPMENT PROJECTS. PART II REVENUES ARE TO COME FROM LOANS, GRANTS AND TECHNICAL ASSISTANCE, WHILE EXPENDITURES INCLUDE PROJECTS IN THREE YEAR DEVELOPMENT PLAN. PARTS I AND II OF 1974 BUDGET CORRESPOND WITH PARTS I AND III OF 1973 BUDGET PRESENTATION.

2. ESTIMATED EXPENDITURES UNDER PART I OF 1974 BUDGET ARE UP TO JD 120.6 MILLION, AN INCREASE OF 25
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PERCENT FROM PLANNED 1973 PART I EXPENDITURES. ESTIMATED

SPENDING FOR THE THREE MAJOR RECURRING ITEMS, CIVIL SERVICE, ARMED FORCES AND PUBLIC SECURITY, IS UP 22 PERCENT OVER 1973 BUDGET, THE LARGEST INCREASE SINCE BEFORE 1971. THE MOST RECENT CASH FLOW BUDGET INDICATES THAT ACTUAL PART I SPENDING FOR 1973 WILL EXCEED INITIAL ESTIMATE BY 4 PERCENT. IN 1971 AND 1972, HOWEVER, FINAL SPENDING FELL BELOW ORIGINAL BUDGET ESTIMATES.

3. DESPITE SIZEABLE INCREASE IN BUDGET SUPPORT, UP 28 PERCENT FROM LAST YEAR'S PLAN, AND PROJECTED 28 PERCENT RISE IN DOMESTIC REVENUES (WHICH DO NOT INCLUDE PUBLIC BORROWING), THE UNFINANCED DEFICIT IS UP SLIGHTLY FROM 1973 TO JD 12.6 MILLION. FOLLOWING IS SUMMARY OF THE GOJ BUDGET WITH BRIEF COMMENTS ON SIGNIFICANT CHANGES:

GOJ BUDGET FOR 1974 IN JDS

(1 JD EQUALS \$3.03 AT PRESENT EXCHANGE RATE)

PART I

REVENUES	108,050,000
DOMESTIC	56,650,000
FINANCIAL ASSISTANCE	51,400,000
SAUDI ARABIA	14,000,000
KUWAIT	12,500,000
USA	20,900,000
OTHER	4,000,000
DEFICIT	12,600,00
EXPENDITURES	120,650,000
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CURRENT RECURRING	93,032,000
CIVIL SERVICE	37,582,000
DISPLACED RELIEF	2,000,000
DEBT SERVICE	2,300,000

EMERGENCY	1,000,000
ARMED FORCES	43,600,000
PUBLIC SECURITY	6,550,000
CAPITAL & DEBT SERVICE	27,618,000
FOREIGN LOAN	
REPAYMENT	6,639,000
FOREIGN OBLIGATIONS	
REPAYMENT	1,934,000
DOMESTIC LOAN	
REPAYMENT	350,000
CONTINUING AND NEW PROJECTS (NOT DEVELOP- MENT PLAN)	2,036,000

DEVELOPMENT

CONTINUING AND NEW PROJECTS (NOT IN DEVELOPMENT PLAN)	3,976,000
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DEVELOPMENT PLAN

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PROJECTS	12,683,000
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PART II

REVENUES	45,017,000
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ECONOMIC AND TECHNICAL ASSISTANCE	3,750,000
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CONTRACTED LOANS	34,267,000
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EXPECTED LOANS AND ASSISTANCE	7,000,000
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EXPENDITURES (3 YR PLAN)	45,017,000
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NPC PROJECTS 41,724,000

JORDAN RIVER AND TRIB REG
CORP/JORDAN VALLEY 3,293,000

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ACTION NEA-13

INFO OCT-01 ISO-00 EB-11 TRSE-00 OMB-01 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01

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4. ACCORDING TO GOJ BUDGET DIRECTOR, FARHI OBAID, THE RISE IN DOMESTIC REVENUES WILL BE DUE CHIEFLY TO HIGHER PRICES FOR PHOSPHATES AND EXPECTED RISE IN VOLUME OF PHOSPHATE EXPORTS. THE GOJ HOLDS TWO-THIRDS OF SHARES OF PHOSPHATE COMPANY AND CAN TAKE REVENUES AS ITS SHARE OF COMPANY PROFITS OR AS TAX ON EXPORTS. OBAID NOTED POSSIBILITY OF NEW TAX ON CEMENT EXPORTS.

5. FOREIGN BUDGET SUPPORT IS SET AT JD 51.4 MILLION, OF WHICH JD 20.9 MILLION (\$63.3 MILLION AT TODAY'S EXCHANGE RATE) IS PROJECTED TO COME FROM THE UNITED STATES. THIS IS AN INCREASE OF \$8 MILLION OVER US BUDGET SUPPORT PROVIDED DURING CY 1973. THE SAUDI SUBSIDY OF JD 14 MILLION AND RECENTLY RESTORED KUWAIT SUBSIDY OF JD 12.5 MILLION

ARE OTHER MAJOR BUDGET SUPPORT ITEMS; AS THEY ARE DENOMINATED IN STERLING, THESE SUBSIDIES VARY SOMEWHAT FROM YEAR TO YEAR. ACCORDING TO OBAID, THE GOJ EXPECTS GULF STATES TO SUPPLY JD 4 MILLION SHOWN AS "OTHER" BUDGET SUPPORT, BUT AS YET, THERE ARE NO FIRM COMMITMENTS.

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6. EXPENDITURES FOR CIVIL SERVICE ARE UP JD 8.4 MILLION FROM 1973 TO JD 37.6 MILLION. ACCORDING TO OBAID, JD 6 MILLION OF THIS INCREASE WILL BE TAKEN BY HIGHER CIVIL SERVICE SALARIES AND RESTORATION OF PAYMENTS TO GOJ EMPLOYEES IN WEST BANK. THE RAISE, AN ACROSS THE BOARD INCREASE OF 4 JDS PER MONTH, REGARDLESS OF GRADE, IS EFFECTIVE FEBRUARY 1 AND COVERS MOST CIVIL SERVICE CATEGORIES.

7. RELIEF FOR DISPLACED, A SEPARATE HEADING IN THIS YEAR'S BUDGET, IS UP FROM JD 1.26 MILLION IN 1973 TO JD 2 MILLION. THE MINISTER RESPONSIBLE FOR REFUGEE AFFAIRS RECENTLY ESTIMATED THAT TOTAL COST OF AGRICULTURAL COMMODITIES TO FEED DISPLACED PERSONS (WEST BANKERS, NOT PREVIOUSLY REFUGEES, DISPLACED BY 1967 WAR) COULD GO AS HIGH AS JD 5 MILLION IN 1974.

8. THE INCREASE IN MILITARY EXPENDITURES, UP NEARLY 17 PERCENT FROM THE 1973 ESTIMATE, IS LESS THAN THE RISE IN OVERALL SPENDING. IN PAST, THE JAA HAS RECEIVED FOREIGN GRANTS IN ADDITION TO BUDGET APPROPRIATION. PUBLIC SECURITY EXPENDITURES SHOW A 31 PERCENT INCREASE OVER 1973 PLANNED EXPENDITURES.

9. "EMERGENCY EXPENDITURES" OF JD 1 MILLION, A SEPARATE HEADING IN THIS YEAR'S BUDGET, ARE NEARLY DOUBLE 1973 LEVEL. THE SUBSIDY TO GOVERNMENT AIRLINE (ALIA), AROUND JD 290,000 IN 1973, COMES FROM THIS ALLOCATION.

10. DOMESTIC DEBT SERVICE IS PLACED AT JD 2.65 MILLION, DOWN SLIGHTLY FROM 1973 ESTIMATE. FOREIGN DEBT SERVICE, HOWEVER, SHOWS AN INCREASE OF 33 PERCENT FROM 1973 BUDGET TO JD 8.6 MILLION. PAYMENTS TO US ACCOUNT FOR LARGEST SINGLE INCREASE IN THIS ITEM, UP JD 1.3 MILLION TO JD 4.3 MILLION. MILITARY REPAYMENTS ARE TO BE \$10.7 MILLION, OR 82 PERCENT OF TOTAL PAYMENTS TO US CAPITAL EXPENDITURES, ORDINARY AND DEVELOPMENT, TOTAL JD 18.7 MILLION, OR AN INCREASE OF 20 PERCENT FROM 1973 BUDGET ESTIMATE.

11. PART II SETS FORTH INVESTMENT TO BE MADE IN CERTAIN LIMITED OFFICIAL USE

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DEVELOPMENT PLAN PROJECTS. THESE EXPENDITURES TAKE PLACE ONLY TO DEGREE THE GOJ SECURES FINANCING IN FORM OF LOANS, GRANTS OR TECHNICAL ASSISTANCE. THE RECENTLY DISCLOSED ABU DHABI FUND LOANS, TOTALLING \$4,38 MILLION, AND YET TO BE SPELLED-OUT JAPANESE LOAN OF \$10 MILLION WILL BE INCLUDED AS PART II RECEIPTS. PART II EXPENDITURES, PROJECTED AT JD 45 MILLION, ARE 64 PERCENT ABOVE 1973 BUDGET ESTIMATES. THIS AMBITIOUS GOAL SEEMS UNREALISTIC, HOWEVER, AS GOJ HAS FAILED TO ACHIEVE MUCH LOWER SPENDING TARGETS IN PREVIOUS YEARS.

12. SUMMARY SCHEDULES OF THE 1974 BUDGET HAVE BEEN TRANSLATED AND ARE BEING POUCHED. WE WILL OBTAIN MORE DETAILS ON THE 1974 BUDGET TO INCLUDE IN FUTURE REPORTING. WE ALSO PLAN TO DO MORE COMPLETE ANALYSIS WHICH WE WILL FORWARD LATER.

GRAHAM

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Message Attributes

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